

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.06)

Unit Name* Village of Minden City	County* SANILAC	Type* VILLAGE	MuniCode* 76-3-080
Opinion Date-Use Calendar* Aug 26, 2008	Audit Submitted-Use Calendar* Aug 29, 2008	Fiscal Year End Month* 02	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 113,838.00
General Fund Expenditure: ?	\$ 118,919.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance: ?	\$ 54,543.00
Governmental Activities Long-Term Debt (see instructions): ?	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Kristy	Last Name* Schulze	Ten Digit License Number* 1101025896		
CPA Street Address* 1223 S. State Str. Ste A	City* Alpena	State* MI	Zip Code* 49707	Telephone* 989-354-8707
CPA Firm Name* Johnson & Schulze PC	Unit's Street Address* 1585 1st. Street	Unit's City* Minden City	Unit's Zip* 49456	

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN**

FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
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Independent Auditor's Report

To the Village Board
Village of Minden City
Sanilac County, MI 48456

We have audited the accompanying general purpose financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Minden City as of and for the year ended February 29, 2008, which collectively comprise the basic financial statements of the Village of Minden City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

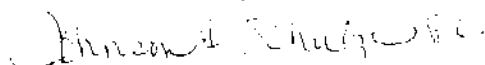
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Minden City as of February 29, 2008, and the respective changes in financial position and cash flows, where applicable of those activities and funds and the budgetary comparison for the general fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2008 on our consideration of the Village of Minden City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Minden City's basic financial statements. The accompanying combined and individual financial statements, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying required supplemental and other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The combined and individual financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.



Johnson & Schulze, P.C.
August 26, 2008

SHANNA M. JOHNSON, CPA

KRISTYL L. SCHULZE, CPA

VILLAGE OF MINDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008

The management of the Village of Minden City offers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 29, 2008, for the benefit of the readers of these financial statements. It is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Village's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

FINANCIAL HIGHLIGHTS

Government-Wide

The assets of the Village exceeded its liabilities at the close of this fiscal year by \$1,904,776 (shown as *Net Assets*), representing a decrease of \$15,510 over the previous fiscal year.

Fund Level Financial Highlights

As of February 29, 2008, the governmental funds of the Village of Minden City reported combined ending fund balances of \$152,770, of which the entire amount is unreserved.

The unreserved fund balance of the Village's General Fund decreased this year to \$54,543.

Long-Term Debt

The Village of Minden City's total debt increased by \$53,250 during the fiscal year to \$748,294.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: (1) Management's Discussion and Analysis (MD&A), (2) the basic financial statements, (3) required supplemental information, and (4) other supplemental information. The basic financial statements include two different kinds of statements that present different views of the Village.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This report includes government-wide statements as required by GASB Statement No. 34. The *government-wide financial statements* are designed to provide a broad overview of the Village's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the Village as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Village's assets and liabilities, the difference between the two being reported as the Net Assets of the Village. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of

VILLAGE OF MINDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008

their costs through user fees and charges (business-type activities). Governmental activities of the Village include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the Village include water and sewer utility services.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the Fund Financial Statement presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The Village's major Governmental Funds include the General Fund, Major Street Fund, Local Street Fund, Fire Fund and Building & Equipment Capital Improvement Fund. The major Proprietary Funds include Enterprise Funds of the Water Fund and Sewer Fund, and the Internal Services Funds of the Fireman's Sinking Fund & Public Improvement Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similarly to a completely separate entity, with its own set of balancing accounts. The Village of Minden City uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Most of the Village's basic services are included in governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual basis of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the Village include the General Fund as well as the special revenue, capital project, and permanent funds.

Proprietary Funds

Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information. There are two types of proprietary funds.

- Enterprise funds are used to report business-like activities of the Village. These activities intend to recover the full cost of the services through the fees charged to the customers. The Village has two enterprise funds, which are the Water Fund and Sewer Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the Village. This fund allows the Village to allocate costs of centralized services such as the Village's vehicles and equipment. The Village has one internal service fund.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

VILLAGE OF MINDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information that explains and supports the information presented in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Village's financial position over time. The Net Assets of the Village are \$1,904,776 at February 29, 2008, meaning that the Village's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The most significant portion of the Village's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others) less any related debt that is outstanding that the Village used to acquire or construct the asset. The Village has \$486,817 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Village policies regarding their use.

GOVERNMENTAL ACTIVITIES

Property taxes and sewer and water fees make up most of the revenue for all governmental activities of the Village of Minden City.

Property taxes are a significant portion of the revenue for all governmental activities of the Village. The Village's operating Millage in 2007 was 13.001313 mills. The taxable value of the Village from the 2007 tax roll was \$3,699,770 and the State Equalized value was \$5,249,067.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2007, the amount of state shared revenue received by the Village stayed relatively the same.

The Village's governmental activities largest expenses came from General Government Activities. The Village spent \$61,615 in FY2007/2008 on General Government. Public Works represented the next largest expense at \$53,713 of total expenses.

BUSINESS-TYPE ACTIVITIES

The Village's business-type activities accounted for a decrease of \$29,744 in the Village's Net Assets.

The business-type activities of the Village include the Water Fund and Sewer Fund which provide water and sewer utility services to Village residents as well as commercial customers.

VILLAGE OF MINDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008

FINANCIAL ANALYSIS OF GOVERNMENT'S FUND

Governmental Activities

At the completion of the Village's fiscal year ended February 29, 2008, its governmental funds reported fund balances of \$152,770. There is no reserved and designated fund balance.

General Fund – The General Fund is the main operating fund of the Village. The General Fund decreased its fund balance in this fiscal year by \$5,081, bringing the balance to \$54,543. Property tax revenues in the General Fund increased \$6,298 in 2008. State shared revenue decreased by \$665 from the amount received in the previous fiscal year.

Major Street Fund – The fund balance of the Major Street Fund ended the year at \$40,600. This was an increase of \$1,854 from the previous year.

Local Street Fund – The Local Street Fund decreased its fund balance in this fiscal year by \$18,730, bringing the balance to \$37,075.

Proprietary Funds

The Village's proprietary funds provide virtually the same information as the government-wide statements; however, more detail may be found in the fund financial statements.

Water Fund – The Water Fund ended this fiscal year with \$202,507 in retained earnings. The retained earnings of this fund increased by \$21,200 in 2008. This fund remains in sound fiscal condition moving forward.

Sewer Fund – The Sewer Fund ended this fiscal year with \$197,650 in retained earnings. Charges for services yielded an overall increase in operating revenues of \$9,021. The net assets of this fund increased by \$1,771 in 2008. This fund remains in sound fiscal condition moving forward.

CAPITAL ASSETS

The Village's investment in capital assets for the governmental and business-type activities as of February 29, 2008, amounted to \$2,041,973 (net of accumulated depreciation). Capital assets of the Village include any items purchased that cost in excess of \$1,000 and have an expected useful life of over two years. The Village has invested in a broad range of capital assets. Additional information regarding the Village's capital assets can be found in the Notes to Financial Statements.

CONTACTING THE VILLAGE'S FINANCE DEPARTMENT

This financial report is designed to provide the wide variety of users of this document with a general overview of the Village's finances and demonstrate the Village's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Village of Minden City; 1590 Main Street; Minden City, MI 48456, or call us at 989-864-3000.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
February 29, 2008

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash and Investments	\$ 121,729	\$ 357,674	\$ 479,403
Accounts Receivable	11,330	29,365	40,695
Construction In Progress	-	62,627	62,627
Prepaid Insurance	22,492	5,882	28,374
Total Current Assets	155,551	455,548	611,099
PROPERTY AND EQUIPMENT			
Property and Equipment	1,069,029	2,491,486	3,560,515
Less: Accumulated Depreciation	(823,173)	(695,369)	(1,518,542)
Net Property and Equipment	245,856	1,796,117	2,041,973
TOTAL ASSETS	<u>\$ 401,406</u>	<u>\$ 2,251,665</u>	<u>\$ 2,653,070</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES			
Accrued Payroll and Taxes	\$ 3,300	\$ 269	\$ 3,569
Current Portion of Bonds and Notes Payable	-	15,000	15,000
Accrued Interest	-	7,725	7,725
Total Current Liabilities	3,300	22,994	26,294
LONG-TERM LIABILITIES			
Bonds and Notes Payable	-	722,000	722,000
Total Long-Term Liabilities	-	722,000	722,000
Total Liabilities	3,300	744,994	748,294
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	245,856	-	245,856
Restricted	-	86,419	86,419
Unrestricted	152,250	334,567	486,817
Depreciation Transferred from Operations	-	(444,316)	(444,316)
Contributions in Aid	-	1,530,000	1,530,000
Total Net Assets	398,106	1,506,670	1,904,776
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 401,406</u>	<u>\$ 2,261,665</u>	<u>\$ 2,653,070</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the year ended February 29, 2008

FUNCTIONS/PROGRAMS	Governmental Activities			Net (Expense) Revenue and Changes in Net Assets
	Program Expenses	Program Revenues		
		Charges for Services	Operating Grants	
Governmental Activities:				
General Government	\$ 29,981	\$ -	\$ -	\$ (29,981)
Public Safety	32,253	24,048	-	(8,205)
Public Works	38,736	-	-	(38,736)
Sanitation	16,045	15,713	-	(332)
Water Operations	43,695	81,568	-	37,873
Roads	62,992	39,108	-	(23,884)
Sewer Operations	15,858	56,759	-	40,901
Interest on Bonds and Notes	31,057	-	-	(31,057)
Unallocated Depreciation	30,818	-	-	(30,818)
Miscellaneous	44,211	-	-	(44,211)
Total Governmental Activities	\$ 345,646	\$ 217,196	\$ -	\$ (128,450)
General Revenues:				
Property Taxes General				43,103
State Revenue Sharing				40,717
Investment Earnings				12,267
Other				16,853
Total General Revenues				112,940
Change in Net Assets				(15,510)
Net Assets, Beginning of Year				1,920,286
Net Assets, End of Year				\$ 1,904,776

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
February 29, 2008

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	Enterprise	Internal Service	
<u>Assets</u>					
Cash	\$ 4,137	\$ 42,664	\$ 63,017	\$ 46,508	\$ 156,326
Investments	28,299	46,629	122,495	39,235	236,658
Sewer, Water and Rubbish Receivables	3,937	-	29,365	-	33,302
Taxes Receivable	7,393	-	-	-	7,393
Prepaid Insurance	13,558	8,934	5,882	-	28,374
Construction in Progress	-	-	62,627	-	62,627
Due from Other Fund	519	-	-	-	519
Building and Equipment - net	-	-	1,796,117	-	1,796,117
Restricted Assets - Cash	-	-	86,419	-	86,419
Total Assets	\$ 57,843	\$ 98,227	\$ 2,165,922	\$ 85,743	\$ 2,407,735
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Current Liabilities					
Salaries and Fringes Payable	\$ 3,300	\$ -	\$ 269	\$ -	\$ 3,569
Revenue Bonds Payable	-	-	15,000	-	15,000
Accrued Interest	-	-	7,725	-	7,725
Long-Term Liabilities					
Revenue Bonds Payable	-	-	507,000	-	507,000
Notes Payable	-	-	215,000	-	215,000
Deferred Revenue	-	-	-	-	-
Total liabilities	3,300	-	744,994	-	748,294
Fund Equity:					
Contributed Capital Federal	-	-	1,530,000	-	1,530,000
Depr Transferred from Operations	-	-	(509,229)	-	(509,229)
Retained Earnings Unreserved	-	-	313,815	85,743	399,558
Retained Earnings Reserved	-	-	86,342	-	86,342
Fund Equity Unreserved	54,543	98,227	-	-	152,770
Total Fund Equity	54,543	98,227	1,420,928	85,743	1,659,441
Total Liabilities and Fund Equity	\$ 57,843	\$ 98,227	\$ 2,165,922	\$ 85,743	\$ 2,407,735

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

COMBINED BALANCE SHEET
 PROPRIETARY FUND TYPES
 February 29, 2008

	ENTERPRISE FUNDS		INTERNAL SERVICE FUNDS		
	Water	Sewer Operating	Fireman's Sinking	Public Improvement	Total
<u>Assets</u>					
Current Assets					
Cash in Bank	\$ 43,039	\$ 19,978	\$ 44,143	\$ 2,365	\$ 109,525
Investments	10,272	112,223	26,576	12,659	161,730
Billing Receivable	14,492	14,873	-	-	29,365
Accounts Receivable	-	-	-	-	-
Construction in Progress	62,627	-	-	-	62,627
Restricted Assets - Cash	-	86,419	-	-	86,419
Prepaid Insurance	3,445	2,437	-	-	5,882
Total Current Assets	133,875	235,930	70,719	15,024	455,548
Property and Equipment					
Lagoons and Collection Systems	-	1,735,913	-	-	1,735,913
Mains and Hydrants	514,131	222,521	-	-	736,652
Equipment	-	18,922	-	-	18,922
Less: Accumulated Depreciation and Amortization	(160,564)	(534,805)	-	-	(695,369)
Total Property and Equipment	353,567	1,442,551	-	-	1,796,117
Total Assets	\$ 487,441	\$ 1,678,481	\$ 70,719	\$ 15,024	\$ 2,251,665
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Current Liabilities					
Current Bonds and Notes Payable	\$ 7,000	\$ 8,000	\$ -	\$ -	\$ 15,000
Other Payables	-	269	-	-	269
Accrued Interest	-	7,725	-	-	7,725
Long-Term Liabilities					
Revenue Bonds Payable	-	507,000	-	-	507,000
Notes Payable	215,000	-	-	-	215,000
Deferred Revenue	-	-	-	-	-
Total liabilities	222,000	522,994	-	-	744,994
Fund Equity:					
Contributed Capital Federal	130,000	1,400,000	-	-	1,530,000
Depr Transferred from Operations	(67,066)	(442,163)	-	-	(444,316)
Retained Earnings	202,507	197,650	70,719	15,024	485,900
Total Fund Equity	265,441	1,155,487	70,719	15,024	1,506,671
Total Liabilities and Fund Equity	\$ 487,441	\$ 1,678,481	\$ 70,719	\$ 15,024	\$ 2,251,665

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - ALL GOVERNMENT FUND TYPES
For the year ended February 29, 2008

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Revenues:			
Property Taxes	\$ 40,085	\$ 8,014	\$ 48,099
State Sources and County Sources	26,183	48,646	74,829
Intergovernmental	18,285	-	18,285
Garbage Collections	15,713	-	15,713
Interest	1,374	595	1,969
Miscellaneous Revenue	4,101	1,049	5,150
Total Revenues	<u>105,741</u>	<u>58,304</u>	<u>164,045</u>
Expenditures:			
General Government	60,799	-	60,799
Public safety	3,339	28,914	32,253
Public works	54,781	62,992	117,773
Total Expenditures	<u>118,919</u>	<u>91,906</u>	<u>210,825</u>
Excess (deficiency) of Revenues over Expenditures	<u>(13,178)</u>	<u>(33,602)</u>	<u>(46,780)</u>
Other Financing Sources (Uses)			
Operating Transfers In	8,097	13,617	21,714
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>8,097</u>	<u>13,617</u>	<u>21,714</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(5,081)</u>	<u>(19,985)</u>	<u>(25,066)</u>
Fund Equity, March 1	<u>59,624</u>	<u>118,212</u>	<u>177,836</u>
Fund Equity, February 29	<u>\$ 54,543</u>	<u>\$ 98,227</u>	<u>\$ 152,769</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

STATEMENT OF REVENUE EXPENSE AND CHANGE IN RETAINED
EARNINGS - BUDGET AND ACTUAL
PROPRIETARY FUND TYPE
For the year ended February 29, 2008

	Sewer Operating Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Operating Revenues				
Sewer Fees	\$ 41,070	\$ 41,070	\$ 51,802	\$ 10,732
Hook Up Fees	-	5,000	4,957	(43)
Other Income	100	100	-	(100)
Total Operating Revenues	<u>41,170</u>	<u>46,170</u>	<u>56,759</u>	<u>10,589</u>
Operating Expenses				
Unemployment Tax Expense	400	400	-	400
Office Supplies	-	1,000	800	200
Printing & Publishing	2,000	100	783	(683)
Utilities Expense	1,500	1,900	1,794	106
Professional Fees	1,200	1,700	1,475	225
Equipment Expense	-	6,500	1,950	4,550
PVC Supplies Expense	-	8,500	13,012	(4,512)
Administrative & Recording Wages	1,575	2,750	1,200	1,550
Water Testing - Laboratory	100	1,850	553	1,297
Labor Reimbursement Expense	3,500	6,000	5,537	463
Equipment Reimbursement	-	1,500	1,324	176
Insurance Liability	1,200	3,500	6,208	(2,708)
Repair & Maintenance	1,800	5,800	5,722	78
Taxes-Payroll	-	200	103	97
Miscellaneous	2,000	5,000	3,596	1,404
Depreciation and Amortization	68,500	68,500	64,823	3,677
Total Operating Expenses	<u>83,775</u>	<u>115,200</u>	<u>108,880</u>	<u>6,320</u>
Operating Income (Loss)	<u>(42,605)</u>	<u>(69,030)</u>	<u>(52,121)</u>	<u>4,269</u>
Other Income (Expenses)				
Interest Revenue	3,500	3,650	5,975	2,325
Interest Expense - Bonds	(31,000)	(31,000)	(31,057)	(57)
Transfer In	10,337	17,100	17,009	(91)
Total Other Income (Expenses)	<u>(17,163)</u>	<u>(10,250)</u>	<u>(8,073)</u>	<u>2,177</u>
Net Income (Loss) From Operations	<u>\$ (59,768)</u>	<u>\$ (79,280)</u>	<u>(60,194)</u>	<u>\$ 6,446</u>
Add back depreciation on assets acquired with contributed capital			61,965	
Increase (Decrease) in Retained Earnings			1,771	
Retained Earnings Beginning of Year			195,879	
Retained Earnings End of Year			<u>\$ 197,650</u>	

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

STATEMENT OF REVENUE EXPENSE AND CHANGE IN RETAINED
EARNINGS - BUDGET AND ACTUAL
PROPRIETARY FUND TYPE
For the year ended February 29, 2008

	Water Fund			Variance
	Original	Final Budget	Actual	Favorable
Operating Revenues	Budget			(Unfavorable)
Water Fees	\$ 45,388	\$ 58,000	\$ 81,568	\$ 23,568
Miscellaneous Income	2,000	14,500	-	(14,500)
Total Operating Revenues	47,388	72,500	81,568	9,068
Operating Expenses				
Legal & Professional	5,000	50,000	2,443	47,557
Operating supplies	3,386	4,250	3,171	1,079
Annual Water Fees	200	650	526	124
Mileage Expense	275	275	2	273
Administration and Recordkeeping	3,800	3,800	1,218	2,582
Contract Services	2,000	500	-	500
Insurance & Bonds	13,826	18,626	3,055	15,571
Insurance Workman's Comp	600	600	192	408
Utilities	2,000	3,000	2,704	296
Repairs and Maintenance	32,500	33,700	19,394	14,306
Unemployment Tax Expense	500	500	-	500
Miscellaneous Expense	1,500	6,000	3,813	2,187
Bond Interest	-	6,000	5,979	21
Depreciation Expense	6,200	6,200	11,198	(4,998)
Total Operating Expenses	71,787	134,101	53,695	80,406
Operating Income (Loss)	(24,399)	(61,601)	27,873	(71,338)
Other Income (Expenses)				
Interest Income	250	100	379	129
Transfer Out	-	-	(10,000)	(10,000)
Transfer In	30,202	22,000	-	(22,000)
Total Other Income (Expenses)	30,452	22,100	(9,621)	(31,871)
Net Income (Loss)	\$ 6,053	\$ (39,501)	18,252	\$ (103,209)
Add back depr on assets acquired with contributed capital			2,948	
Increase (Decrease) in Retained Earnings			21,200	
Retained Earnings Beginning of Year			181,307	
Retained Earnings End of Year			\$ 202,507	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

STATEMENT OF REVENUE EXPENSE AND CHANGE IN RETAINED
EARNINGS - BUDGET AND ACTUAL
PROPRIETARY FUND TYPE
For the year ended February 29, 2008

INTERNAL SERVICE FUNDS						
	Fireman's Sinking Fund			Public Improvement Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Current Property Tax Income	\$ 17,741	\$ 24,048	\$ 6,307	\$ -	\$ -	\$ -
Total Revenues	<u>17,741</u>	<u>24,048</u>	<u>6,307</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	17,741	24,048	6,307	-	-	-
Other Financing Sources (Uses)						
Interest Income	150	1,292	1,142	60	638	(578)
Operating Transfers In	6,224	-	(6,224)	-	-	-
Operating Transfers Out	(19,841)	(13,617)	6,224	(8,097)	(8,097)	-
Total Other Financing Sources (Uses)	<u>(13,467)</u>	<u>(12,325)</u>	<u>1,142</u>	<u>(8,037)</u>	<u>(7,459)</u>	<u>(578)</u>
Net Income (Loss)	<u>\$ 4,274</u>	<u>11,723</u>	<u>\$ 7,449</u>	<u>\$ (8,037)</u>	<u>(7,459)</u>	<u>\$ (578)</u>
Retained Earnings Beginning of Year		<u>58,996</u>			<u>22,483</u>	
Retained Earnings End of Year		<u>\$ 70,719</u>			<u>\$ 15,024</u>	

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

RECONCILIATION OF FUND EQUITY OF GOVERNMENT FUNDS
TO NET ASSETS OF GOVERNMENT ACTIVITIES
For the year ended February 29, 2008

FUND EQUITY TOTAL GOVERNMENTAL FUNDS	\$ 1,659,440
Amounts reported for governmental activities in the statement of activities are different because	
Capital assets used in governmental activities are not financial resources expenditures in the year incurred and are not reported in the funds	
Property and Equipment	1,069,029
Less: Accumulated Depreciation	(823,174)
Accrued Interest on debt and notes payable are not recorded in governmental funds until it is paid	
Other	<u>(519)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,904,776</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended February 29, 2008

NET CHANGE IN FUND EQUITY - TOTAL GOVERNMENTAL FUNDS	\$ 2,169
Amounts reported for governmental activities in the statement of activities are different because	
Governmental funds report capital outlays as expenditures in the year incurred and depreciation is recorded for assets in the statement of activities	
Depreciation Expense	(25,426)
Capital Outlay	124,835
Accrued Interest on long-term debt is recorded in the statement of activities when incurred and it is not recorded in governmental funds until it is paid	
Accrued Interest End of Year	(10,652)
Accrued Interest Beginning of Year	8,573
Other	<u>-</u>
Proceeds and repayments of principal on long-term debt are revenues and expenditures in the governmental funds, but not in the statement of activities	
Principal Repayment	146,776
Interest Paid on Notes and Bonds	(39,784)
Proceeds from new Debt	<u>(222,000)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>(15,510)</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

COMBINED STATEMENT OF CASH FLOW
 PROPRIETARY FUND TYPES
 For the year ended February 29, 2008

					Total (Memorandum Only)
Cash Flows from Operating Activities	Water	Sewer Operating	Fireman's Sinking	Public Improvement	
Operating Income (Loss)	\$ 33,852	\$ (52,121)	\$ 24,048	\$ -	\$ 5,779
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	11,198	64,823	-	-	76,021
(Increase) Decrease in Assets					
Prepaid Insurance	1,537	2,958	-	-	4,495
Accounts Receivable	(10,278)	15,409	-	-	5,131
Increase (Decrease) in Liabilities					
Other payables	-	7,994	-	-	7,994
Deferred Revenue	-	(25,769)	-	-	(25,769)
Total Adjustments	2,457	65,415	-	-	67,872
Net Cash Provided by Operating Activities	36,309	13,294	24,048	-	73,651
Cash Flows from Capital and Related Financing Activities					
Loan Proceeds	215,000	-	-	-	215,000
Principal Payment on Bond/Notes	(137,475)	(7,000)	-	-	(144,475)
Interest Paid on Bonds/Notes	(9,054)	(31,057)	-	-	(40,111)
Construction Costs or Equipment	(62,627)	-	-	-	(62,627)
Transfer from Other Funds	-	17,009	-	-	17,009
Transfer to Other Funds	(10,000)	-	(13,617)	(8,097)	(31,714)
Total Other Financing Sources (Uses)	(4,156)	(21,048)	(13,617)	(8,097)	(46,918)
Cash Flows from Investing Activities					
Interest earned on cash	379	5,975	1,292	638	8,284
Net Increase (Decrease) in Cash	32,532	(1,779)	11,723	(7,459)	35,017
Cash at Beginning of Year	20,779	220,399	58,996	22,483	322,657
Cash at End of Year	\$ 53,311	\$ 218,620	\$ 70,719	\$ 15,024	\$ 357,674

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

A. Reporting Entity

The Local Governmental Unit is governed by an elected council (Board). The Village of Minden City, Michigan, is a general law village incorporated under the General Village Act of 1895. As required by generally accepted accounting principles, these financial statements present all activities of the Village. The Village of Minden City has no component units.

B. Government-Wide and Fund Financial Statements

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories:

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Government reports the following major fund:

The general fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

Other Non-Major Funds

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects.) The Government accounts for its major and local street activities in the special revenue funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Among reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Village of Minden City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares.

The Local Street Fund receives all local street money paid to the Village by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The Village of Minden City reports the following major proprietary funds:

The Water Fund and the Sewer Fund record financial activity of the water system which provides water to customers and the operations of the Village's sanitary sewer system.

Additionally, the Village of Minden City reports the following fund types:

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds related to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to book up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

D. Assets, Liabilities and Equity

Bank Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments – The Village's investment policy is in compliance with state law and authorizes the Village to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposits, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes.

Investments are stated at fair value which is determined using selected basis. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the Village being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost, if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over its' estimated useful life.

NOTE 2 - COMPENSATED ABSENCES (SICK AND VACATION LEAVE)

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

NOTE 3 - LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

NOTE 4 - FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use of a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 5 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year has not been presented in the fund financial statements.

NOTE 6 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

- Prior to March 1, the Village Clerk submits to the Village Council a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- The Village Council holds a public hearing and adopts a resolution approving the budgets.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council. General Fund expenditures may not legally exceed budgeted appropriations at the total fund level.
- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year.
- Encumbrance accounting is not employed in governmental funds.

Excess of Expenditures over Appropriations in Budgeted Funds

During the year, the Village incurred expenditures in certain budgeted funds which were in excess of the amounts budgeted, as shown in the statements of Actual vs. Budget.

NOTE 7 - DEPOSITS AND INVESTMENTS

Deposits

The Village's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Village's deposits was \$247,866 and the bank balance was \$244,260.

Investments

State statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchased obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds. As of February 29, 2008, the Village investments consisted of certificates of deposit and Money Market Funds, which the carrying amount and the bank balance was \$235,989.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

The total Village's cash and investments amounted to \$483,855 as of February 29, 2008. \$302,387 was covered by Federal Depository Insurance.

NOTE 8- PROPRIETARY FUND FIXED ASSETS

Additions to the utility plant are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses, renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows.

Sewer Building and Lines	50 years
Buildings	15-30 years
Equipment	10-20 years
Office Equipment	5 years

Following is a summary of fixed assets recorded in the Proprietary Funds as of February 29, 2008.

	<u>Water</u>	<u>Sewer</u>
Lagoons and Collection Systems	\$ -	\$1,735,913
Mains and Hydrants	514,131	222,521
Equipment	-	18,922
Less: Accumulated Depreciation	<u>(160,564)</u>	<u>(534,805)</u>
Net Fixed Assets	<u>\$353,567</u>	<u>\$1,442,551</u>

NOTE 9 – EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Village of Minden City does not provide an employee Retirement and Benefit System.

NOTE 10 – TRANSFERS

The Water fund transferred \$10,000 to the Tax fund.

Public Improvements Fund transferred \$8,097 to the General Fund.

Tax fund transferred \$17,009 to the Sewer Fund.

The Fireman's Sinking Fund transferred \$13,617 to the Fire Fund.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

NOTE 11 – CONTINGENT LIABILITIES

Contingent Liability – Unemployment Compensation Costs

The Village has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Village employees by the Michigan unemployment fund must be reimbursed by the Village on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Village becomes liable to the State of Michigan for unemployment benefits paid.

NOTE 12 – CHANGES IN LONG-TERM DEBT – SEWER AND WATER FUNDS

The Village sewer and water systems encompasses all of the Village of Minden City. Financing of construction was accomplished through Sewer System Revenue Bonds, and Water Revenue Bonds authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

The following is a summary of bonds transactions within the Sewer fund for the year ended February 29, 2008.

	Balance 3/1/2007	Additions	Deductions	Balance 2/29/2008
System Revenue Bonds	\$522,000	\$ _____	\$ 7,000	\$515,000

Sewer System Revenue Bonds payable as of February 29, 2008 are comprised of the following:

Sewer System Revenue Bonds due in annual principal installments ranging from \$6,000 to \$28,000 through November 1, 2039, plus interest at the rate of 4.5%, payable semi-annually on May 1 and November 1.

The annual requirements to amortize the Sewer System Revenue Bonds outstanding as of February 29, 2008 including interest of \$464,100 are as follows:

2009	\$	30,816
2010		30,456
2011		31,096
2012		30,690
2013		30,286
Thereafter		825,756
		<u>\$ 979,100</u>

Financing for construction of the Arsenic Plant was accomplished through Water System Revenue Bonds and Water Revenue Bonds authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

The following is a summary of bonds transactions within the Water Fund for the year ended February 29, 2008.

	Balance 3/1/2007	Additions	Deductions	Balance 2/29/2008
System Revenue Bonds	\$ -	\$ 222,000	\$ -	\$ 222,000

The Water Fund Revenue Bonds are comprised of the following:

Water Fund Revenue Bonds dated November 30, 2007 are due in annual principal installments ranging from \$7,000 to \$33,000 for 40 years following completion of the construction project, plus interest at the rate of 4.125%, payable semi-annually in June and December. At the completion of the draws, the total amount of the revenue bonds will total \$678,000, however, as noted above, as of February 29, 2008, only \$222,000 has been drawn.

The annual requirements to amortize the Sewer System Revenue Bonds outstanding as of February 29, 2008 including interest of \$717,172 are as follows:

	Principal	Interest
2009	\$ 7,000	\$ 27,968
2010	7,000	27,678
2011	8,000	27,390
2012	8,000	27,060
2013	8,000	26,730
Thereafter	640,000	580,346
	<u>\$ 678,000</u>	<u>\$ 717,172</u>

NOTE 13 – RESERVES/DESIGNATIONS ON RETAINED EARNINGS/FUND EQUITY

	Enterprise
Retained earnings reserved for debt retirement	<u>\$ 86,419</u>

NOTE 14 – CONTRIBUTED CAPITAL

Contributed capital currently exists only in the Enterprise Fund. This capital has been used along with other Village resources to purchase and construct the sewer and water system currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closed to contributed capital rather than retained earnings.

NOTE 15 – OTHER INFORMATION

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

**VILLAGE OF MINDEN CITY
SANILAC COUNTY, MICHIGAN
Notes to Financial Statements
February 29, 2008**

The Village participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and worker's disability compensation. The pools are considered public entity risk pools. The Village pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The Village has not been informed of any special assessments being required for the current year or the three prior years.

The Village continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Construction Commitments

As of February 29, 2008, The Village of Minden City has construction commitments for the construction of an arsenic plant of approximately \$1,145,000, of which approximately \$250,000 has been expended in this fiscal year and the previous. Of the \$250,000 already expended, \$134,593 paid off an existing loan at Eastern Michigan Bank. The funding is coming partially from the November 30, 2007 Revenue bonds and a Rural Development Grant. In addition, the Village is contributing \$31,196 of the funds required.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended February 29, 2008

	GENERAL FUND				
	Original Budget	Final Budget	Variance Original Compared to Final Increase (Decrease)	Actual	Variance Actual Compared to Final Favorable (Unfavorable)
Revenues					
Taxes - Current	\$ 100	\$ 37,100	\$ 37,000	\$ 40,085	\$ 2,985
State Sources	27,000	27,000	-	26,183	(817)
Intergovernmental	33,600	33,600	-	18,285	(15,315)
Garbage Collections	11,500	11,500	-	15,713	4,213
Other	7,100	4,800	(2,300)	4,102	(698)
Interest	1,200	1,400	200	1,374	(26)
Total Revenues	80,500	115,400	34,900	105,742	(9,658)
Expenditures					
General Government	63,085	65,060	(1,975)	60,799	4,261
Public Works	50,780	58,480	(7,700)	58,120	360
Total Expenditures	113,865	123,540	(9,675)	118,919	4,621
Excess of Revenues over Expenditures	(33,365)	(8,140)	25,225	(13,177)	(5,037)
Other Financing Sources (Uses)					
Operating Transfers In	37,000	8,200	(28,800)	8,097	(103)
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	37,000	8,200	(28,800)	8,097	(103)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 3,635	\$ 60	\$ (3,575)	(5,081)	\$ (5,140)
Fund Equity at Beginning of Year				59,624	
Fund Equity at End of Year				\$ 54,543	

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SPECIAL REVENUE FUNDS
 COMBINED BALANCE SHEET
 February 29, 2008

				Building and Equipment Capital Improvement	Total
Assets	Fire	Major Street	Local Street		
Cash in Bank	\$ 2,035	\$ 16,703	\$ 19,393	\$ 4,533	\$ 42,664
Investments	-	23,512	17,127	5,990	46,629
Prepaid Insurance	7,994	385	555	-	8,934
Total Assets	<u>\$ 10,029</u>	<u>\$ 40,600</u>	<u>\$ 37,075</u>	<u>\$ 10,523</u>	<u>\$ 98,227</u>
Liabilities and Fund Equity					
Liabilities	-	-	-	-	-
Fund Equity					
Unreserved	10,029	40,600	37,075	10,523	98,227
Total Liabilities and Fund Equity	<u>\$ 10,029</u>	<u>\$ 40,600</u>	<u>\$ 37,075</u>	<u>\$ 10,523</u>	<u>\$ 98,227</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SPECIAL REVENUE FUNDS STATEMENT OF REVENUE, EXPENSES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended February 29, 2008

	Major Street Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ -	\$ 7,000	\$ 6,858	\$ (142)
State Revenue Sharing	17,000	17,000	15,481	(1,519)
Interest	100	100	1,426	1,326
Road Millage	-	6,700	-	(6,700)
Miscellaneous	100	500	420	(80)
Total Revenues	<u>17,200</u>	<u>31,300</u>	<u>24,185</u>	<u>(7,115)</u>
Expenditures				
Administrative & Recording Wages	1,300	1,300	200	1,100
Insurance	1,300	1,300	1,273	27
Routine Maintenance	34,500	15,100	17,945	(2,845)
Taxes FICA	-	-	-	-
Winter Maintenance	1,100	2,600	14	2,586
Equipment Rental	5,500	4,500	4,249	251
Labor Reimbursement Expense	6,000	2,000	1,645	355
Road Signs	250	250	139	111
Traffic Services	250	250	72	178
Unemployment Tax	500	500	-	500
Total Expenditures	<u>50,700</u>	<u>27,800</u>	<u>25,537</u>	<u>2,263</u>
Excess of Revenues Over (Under) Expenditures	(33,500)	3,500	(1,352)	(4,852)
Other Financing Sources (Uses)				
Transfer From Tax	2,834	3,200	3,206	(372)
Total Other Financing Sources (Uses)	<u>2,834</u>	<u>3,200</u>	<u>3,206</u>	<u>(372)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ (30,666)</u>	<u>\$ 6,700</u>	1,854	<u>\$ (5,224)</u>
Fund Equity Beginning of Year			<u>38,746</u>	
Fund Equity End of Year			<u>\$ 40,600</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SPECIAL REVENUE FUNDS STATEMENT OF REVENUE, EXPENSES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended February 29, 2008

	Local Street Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 2,834	\$ 3,250	\$ 3,206	\$ (44)
State Revenue Sharing	15,000	15,000	13,563	(1,437)
Interest	175	175	1,727	1,552
Miscellaneous Income	-	500	400	(100)
Total Revenues	<u>18,009</u>	<u>18,925</u>	<u>18,896</u>	<u>(29)</u>
Expenditures				
Administrative	50	50	-	50
Insurance	1,500	1,500	1,103	397
Contract Road Building	-	12,500	12,010	490
Routine Maintenance	7,650	18,150	16,565	1,585
Winter Maintenance	300	800	650	150
Equipment Rental	500	4,000	3,382	618
Equipment Reimbursement	-	2,500	1,766	734
Labor Reimbursement	1,000	3,500	2,009	1,491
Traffic Services	250	250	-	250
Road Sign	200	200	141	59
Unemployment Tax	450	450	-	450
Total Expenditures	<u>11,900</u>	<u>43,900</u>	<u>37,626</u>	<u>6,274</u>
Excess of Revenues Over (Under) Expenditures	<u>6,109</u>	<u>(24,975)</u>	<u>(18,730)</u>	<u>6,245</u>
Other Financing Sources (Uses)				
Transfer from Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ 6,109</u>	<u>\$ (24,975)</u>	<u>(18,730)</u>	<u>\$ 6,245</u>
Fund Equity Beginning of Year			<u>55,805</u>	
Fund Equity End of Year			<u>\$ 37,075</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SPECIAL REVENUE FUNDS STATEMENT OF REVENUE, EXPENSES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended February 29, 2008

	Fire Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Interest	\$ 150	\$ 150	\$ 63	\$ (87)
Miscellaneous	650	-	-	-
Other governmental entities	30,000	12,745	10,488	(2,257)
Total Revenues	<u>30,800</u>	<u>12,895</u>	<u>10,551</u>	<u>(2,344)</u>
Expenditures				
Grocery, Pop & Etc.	250	250	143	107
Supplies	150	150	169	(19)
Legal & Professional Fees	-	-	-	-
Telephone Exp	-	100	73	27
Utilities	50	800	1,057	(257)
Equipment Purchases	1,000	400	237	163
Repairs	500	600	523	77
Gas and Oil	750	1,000	783	217
Training & Medical	300	700	540	160
Labor	300	400	248	152
Equipment Usage	25	25	-	25
Uniforms/Badge/Licensing	100	150	140	10
Insurance	14,100	12,800	12,764	36
Miscellaneous	500	3,000	2,915	85
Interest Expense	11,000	11,000	8,646	2,354
Membership Dues	650	650	74	576
Equipment Inspection	100	650	603	47
Total Expenditures	<u>29,775</u>	<u>32,675</u>	<u>28,915</u>	<u>3,760</u>
Excess of Revenues Over (Under) Expenditures	1,025	(19,780)	(18,364)	1,416
Other Financing Sources (Uses)				
Transfers from Other Funds	-	13,617	13,617	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,617</u>	<u>13,617</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ 1,025</u>	<u>\$ (6,163)</u>	<u>(4,747)</u>	<u>\$ 1,416</u>
Fund Equity Beginning of Year			<u>14,776</u>	
Fund Equity End of Year			<u>\$ 10,029</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SPECIAL REVENUE FUNDS STATEMENT OF REVENUE, EXPENSES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended February 29, 2008

	Building and Equipment Capital Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,415	\$ 1,602	\$ 187
Interest	25	15	(10)
Total Revenues	<u>1,440</u>	<u>1,617</u>	<u>177</u>
Expenditures			
Office Supplies	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	1,440	1,617	177
Other Financing Sources (Uses)			
Transfer to Other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ 1,440</u>	<u>1,617</u>	<u>\$ 177</u>
Fund Equity Beginning of Year		<u>8,906</u>	
Fund Equity End of Year		<u>\$ 10,523</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES BUDGET AND ACTUAL
For the year ended February 29, 2008

Revenues	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Current Property Tax Income	\$ 37,100	\$ 37,100	\$ 40,085	\$ 2,985
State Sales Tax	22,000	22,000	21,070	(930)
State Income Tax	5,000	5,000	5,113	113
Liquor License Income	1,500	1,200	853	(348)
Rubbish Collection Fees	11,500	11,500	15,713	4,213
Hall Rent Inc A	3,000	1,000	555	(445)
Deposits Refund	(900)	(900)	(225)	675
Interest Income	1,200	1,400	1,374	(26)
Miscellaneous Income	2,500	2,500	1,915	(585)
Equipment Rental Income	10,600	10,600	9,094	(1,506)
Reimbursed Labor	23,000	23,000	9,191	(13,809)
Transfers from other funds	-	8,200	8,097	(103)
Donations	1,000	1,000	1,004	4
Total Revenues	\$ 117,500	\$ 123,600	\$ 113,839	\$ (9,762)

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

GENERAL FUND
SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL
For the year ended February 29, 2008

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Legislative				
Off Sal - Trustees	\$ 3,500	\$ 3,500	\$ 3,588	\$ (88)
Total Legislative	<u>3,500</u>	<u>3,500</u>	<u>3,588</u>	<u>(88)</u>
General Government				
Off Sal President	\$ 3,200	\$ 3,200	\$ 2,880	\$ 320
Off Sal Clerk/Assessor	3,500	3,500	3,400	100
Off Sal Treasurer	3,500	3,500	3,400	100
Election Wage	50	50	-	50
Election Supplies	50	50	-	50
Mileage	1,500	1,500	1,175	325
Supplies-Office	1,500	1,650	1,500	150
Legal & Prof CPA	4,100	4,200	4,120	80
Legal & Prof Attorney	500	150	50	100
Legal & Prof Misc	500	100	-	100
Contr Serv Gate Way	11,500	13,500	13,226	274
Contr Serv Misc	1,000	150	-	150
Print/Pub Printing	700	700	722	(22)
Print/Pub Spec Notice	250	50	25	25
Print/Pub Legal	100	50	-	50
Print/Pub Election	50	50	-	50
Insurance Liab & W/C	1,550	1,550	243	1,307
Insurance Par Plan Renewal	14,000	16,000	14,220	1,780
Bonds	750	150	105	45
Util Hall Consumers	1,500	1,500	1,332	168
Util Hall GTE North	250	150	65	85
Util Gvt Bldg DTE	-	1,700	1,828	(128)
Util Gvt Bldg Consumers	-	-	1,159	(1,159)
Util Gvt Bldg GTE	1,100	1,500	1,418	82
Vlg Hall Mnt Supplies	500	1,500	27	1,473
Vlg Hall Rep/Maint	1,000	500	386	114
Taxes Payroll FICA	2,000	2,500	3,267	(767)
Taxes Federal Unemp 940	10	10	-	10
Miscellaneous	2,800	1,800	7,067	(5,267)
Reimbursement for supplies	100	100	-	100
Total General Government	<u>57,560</u>	<u>61,360</u>	<u>61,615</u>	<u>(255)</u>

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The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

GENERAL FUND
SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL
For the year ended February 29, 2008

(CONTINUED FROM PREVIOUS PAGE)

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Public Works				
Contr Serv Pub Safety	\$ 3,225	\$ 3,500	\$ 3,339	\$ 161
Park Mnt Supplies	800	50	-	50
Park Mnt Repairs	700	8,250	8,097	153
Park Maintenance Misc	500	50	-	50
Prk Maintenance Labor	100	100	-	100
Contract Services	10	10	-	10
Util Dte Ball Park	1,000	1,000	682	318
Util Dte Streets	6,500	6,500	6,397	103
Util DTE DPW	150	150	106	44
Util Dte Storage	500	500	311	189
Util Det. Ed. Wht Stg Bldg	10	10	-	10
Rep & Mnt Supplies	5,000	5,000	4,098	902
Rep & Mnt Gas/Oil	2,500	2,800	3,167	(367)
Repairs & Maint Labor	30,000	30,000	27,064	2,936
Rep & Mnt Repair	1,800	750	452	298
Miscellaneous	10	10	-	10
Total Public Works	52,805	58,680	53,713	4,967
Capital Outlay				
Total Capital Outlay	-	-	-	-
Total Expenditures	\$ 113,865	\$ 123,540	\$ 118,916	\$ 4,624

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended February 29, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ 519	\$ 46,497	\$ 46,497	\$ 519
Liabilities				
Due to General Fund	519	40,085	40,085	519
Due to Major Street	-	3,206	3,206	-
Due to Local Street	-	3,206	3,206	-
	<u>\$ 519</u>	<u>\$ 46,497</u>	<u>\$ 46,497</u>	<u>\$ 519</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SCHEDULE OF SANITARY SEWER SYSTEM REVENUE BONDS
DATED MARCH 5, 1998
February 29, 2008

Payment Date	Principal	Interest		Total
		Rate	Amount	
5/1/2008	\$ -	4.5%	\$ 11,588	\$ 11,588
11/1/2008	8,000	4.5%	11,588	19,588
5/1/2009	-	4.5%	11,408	11,408
11/1/2009	8,000	4.5%	11,408	19,408
5/1/2010	-	4.5%	11,228	11,228
11/1/2010	8,000	4.5%	11,228	19,228
5/1/2011	-	4.5%	11,048	11,048
11/1/2011	9,000	4.5%	11,048	20,048
5/1/2012	-	4.5%	10,845	10,845
11/1/2012	9,000	4.5%	10,845	19,845
5/1/2013	-	4.5%	10,643	10,643
11/1/2013	9,000	4.5%	10,643	19,643
5/1/2014	-	4.5%	10,440	10,440
11/1/2014	10,000	4.5%	10,440	20,440
5/1/2015	-	4.5%	10,215	10,215
11/1/2015	10,000	4.5%	10,215	20,215
5/1/2016	-	4.5%	9,990	9,990
11/1/2016	11,000	4.5%	9,990	20,990
5/1/2017	-	4.5%	9,743	9,743
11/1/2017	11,000	4.5%	9,743	20,743
5/1/2018	-	4.5%	9,495	9,495
11/1/2018	12,000	4.5%	9,495	21,495
5/1/2019	-	4.5%	9,225	9,225
11/1/2019	12,000	4.5%	9,225	21,225
5/1/2020	-	4.5%	8,955	8,955
11/1/2020	13,000	4.5%	8,955	21,955
5/1/2021	-	4.5%	8,663	8,663
11/1/2021	13,000	4.5%	8,663	21,663
5/1/2022	-	4.5%	8,370	8,370
11/1/2022	14,000	4.5%	8,370	22,370
5/1/2023	-	4.5%	8,055	8,055
11/1/2023	15,000	4.5%	8,055	23,055
5/1/2024	-	4.5%	7,718	7,718
11/1/2024	15,000	4.5%	7,718	22,718
5/1/2025	-	4.5%	7,380	7,380
11/1/2025	16,000	4.5%	7,380	23,380

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The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SCHEDULE OF SANITARY SEWER SYSTEM REVENUE BONDS
DATED MARCH 5, 1998
February 29, 2008

(CONTINUED FROM PREVIOUS PAGE)

Payment Date	Principal	Interest		Total
		Rate	Amount	
5/1/2026	\$ -	4.5%	\$ 7,020	\$ 7,020
11/1/2026	17,000	4.5%	7,020	24,020
5/1/2027	-	4.5%	6,638	6,638
11/1/2027	17,000	4.5%	6,638	23,638
5/1/2028	-	4.5%	6,255	6,255
11/1/2028	18,000	4.5%	6,255	24,255
5/1/2029	-	4.5%	5,850	5,850
11/1/2029	19,000	4.5%	5,850	24,850
5/1/2030	-	4.5%	5,423	5,423
11/1/2030	20,000	4.5%	5,423	25,423
5/1/2031	-	4.5%	4,973	4,973
11/1/2031	21,000	4.5%	4,973	25,973
5/1/2032	-	4.5%	4,500	4,500
11/1/2032	22,000	4.5%	4,500	26,500
5/1/2033	-	4.5%	4,005	4,005
11/1/2033	23,000	4.5%	4,005	27,005
5/1/2034	-	4.5%	3,488	3,488
11/1/2034	24,000	4.5%	3,488	27,488
5/1/2035	-	4.5%	2,948	2,948
11/1/2035	25,000	4.5%	2,948	27,948
5/1/2036	-	4.5%	2,385	2,385
11/1/2036	26,000	4.5%	2,385	28,385
5/1/2037	-	4.5%	1,800	1,800
11/1/2037	27,000	4.5%	1,800	28,800
5/1/2038	-	4.5%	1,193	1,193
11/1/2038	28,000	4.5%	1,193	29,193
5/1/2039	-	4.5%	563	563
11/1/2039	25,000	4.5%	563	25,563
	<u>\$ 515,000</u>		<u>\$ 464,100</u>	<u>\$ 979,100</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SCHEDULE OF WATER FUND REVENUE BONDS
DATED NOVEMBER 30, 2007
February 29, 2008

Payment Date	Principal	Interest		Total
		Rate	Amount	
June, 2008	\$ -	4.125%	\$ 13,984	\$ 13,984
December, 2008	7,000	4.125%	13,984	20,984
June, 2009	-	4.125%	13,839	13,839
December, 2009	7,000	4.125%	13,839	20,839
June, 2010	-	4.125%	13,695	13,695
December, 2010	8,000	4.125%	13,695	21,695
June, 2011	-	4.125%	13,530	13,530
December, 2011	8,000	4.125%	13,530	21,530
June, 2012	-	4.125%	13,365	13,365
December, 2012	8,000	4.125%	13,365	21,365
June, 2013	-	4.125%	13,200	13,200
December, 2013	8,000	4.125%	13,200	21,200
June, 2014	-	4.125%	13,035	13,035
December, 2014	9,000	4.125%	13,035	22,035
June, 2015	-	4.125%	12,849	12,849
December, 2015	9,000	4.125%	12,849	21,849
June, 2016	-	4.125%	12,664	12,664
December, 2016	10,000	4.125%	12,664	22,664
June, 2017	-	4.125%	12,458	12,458
December, 2017	10,000	4.125%	12,458	22,458
June, 2018	-	4.125%	12,251	12,251
December, 2018	10,000	4.125%	12,251	22,251
June, 2019	-	4.125%	12,045	12,045
December, 2019	11,000	4.125%	12,045	23,045
June, 2020	-	4.125%	11,818	11,818
December, 2020	11,000	4.125%	11,818	22,818
June, 2021	-	4.125%	11,591	11,591
December, 2021	12,000	4.125%	11,591	23,591
June, 2022	-	4.125%	11,344	11,344
December, 2022	12,000	4.125%	11,344	23,344
June, 2023	-	4.125%	11,096	11,096
December, 2023	13,000	4.125%	11,096	24,096
June, 2024	-	4.125%	10,828	10,828
December, 2024	13,000	4.125%	10,828	23,828
June, 2025	-	4.125%	10,560	10,560
December, 2025	14,000	4.125%	10,560	24,560

(CONTINUED ON NEXT PAGE)

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VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SCHEDULE OF WATER FUND REVENUE BONDS
DATED NOVEMBER 30, 2007
February 29, 2008

(CONTINUED FROM PREVIOUS PAGE)

Payment Date	Principal	Interest		Total
		Rate	Amount	
June, 2026	\$ -	4.125%	\$ 10,271	\$ 10,271
December, 2026	14,000	4.125%	10,271	24,271
June, 2027	-	4.125%	9,983	9,983
December, 2027	15,000	4.125%	9,983	24,983
June, 2028	-	4.125%	9,673	9,673
December, 2028	16,000	4.125%	9,673	25,673
June, 2029	-	4.125%	9,343	9,343
December, 2029	16,000	4.125%	9,343	25,343
June, 2030	-	4.125%	9,013	9,013
December, 2030	17,000	4.125%	9,013	26,013
June, 2031	-	4.125%	8,663	8,663
December, 2031	18,000	4.125%	8,663	26,663
June, 2032	-	4.125%	8,291	8,291
December, 2032	18,000	4.125%	8,291	26,291
June, 2033	-	4.125%	7,920	7,920
December, 2033	19,000	4.125%	7,920	26,920
June, 2034	-	4.125%	7,528	7,528
December, 2034	20,000	4.125%	7,528	27,528
June, 2035	-	4.125%	7,116	7,116
December, 2035	21,000	4.125%	7,116	28,116
June, 2036	-	4.125%	6,683	6,683
December, 2036	22,000	4.125%	6,683	28,683
June, 2037	-	4.125%	6,229	6,229
December, 2037	22,000	4.125%	6,229	28,229
June, 2038	-	4.125%	5,775	5,775
December, 2038	23,000	4.125%	5,775	28,775
June, 2039	-	4.125%	5,301	5,301
December, 2039	24,000	4.125%	5,301	29,301
June, 2040	-	4.125%	4,806	4,806
December, 2040	25,000	4.125%	4,806	29,806
June, 2041	-	4.125%	4,290	4,290
December, 2041	26,000	4.125%	4,290	30,290
June, 2042	-	4.125%	3,754	3,754
December, 2042	27,000	4.125%	3,754	30,754
June, 2043	-	4.125%	3,197	3,197
December, 2043	29,000	4.125%	3,197	32,197
June, 2044	-	4.125%	2,599	2,599
December, 2044	30,000	4.125%	2,599	32,599

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of these financial statements

VILLAGE OF MINDEN CITY
Sanilac County, Michigan

SCHEDULE OF WATER FUND REVENUE BONDS
DATED NOVEMBER 30, 2007
February 29, 2008

(CONTINUED FROM PREVIOUS PAGE)

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>
		<u>Rate</u>	<u>Amount</u>	
June, 2045	\$ -	4.125%	\$ 1,980	\$ 1,980
December, 2045	31,000	4.125%	1,980	32,980
June, 2046	-	4.125%	1,341	1,341
December, 2046	32,000	4.125%	1,341	33,341
June, 2047	-	4.125%	681	681
December, 2047	33,000	4.125%	681	33,681
	<u>\$ 678,000</u>		<u>\$ 717,178</u>	<u>\$ 1,395,178</u>

The accompanying notes are an integral part of these financial statements

1223 S. State, Suite A
P.O. Box 901
Alpena, MI 49707

989-354-8707
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To the Village Board
Village of Minden City
1585 1st Street; P.O. Box 221
Minden City, MI 48456

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Minden City as of and for the year ended February 29, 2008, which collectively comprise the Village of Minden City's basic financial statements and have issued our report thereon dated August 26, 2008. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 7, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Minden City are described in Note 1 to the financial statements. No new policies were adopted and the application of the existing policies was not changed during the fiscal year. We noted no transactions entered into by the Village of Minden City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Village of Minden City's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter associated with the audit for the year ended February 29, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village of Minden City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Village of Minden City as of and for the year ended February 29, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Minden City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing our

opinion on the effectiveness of the Village of Minden City's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

- The Village has not implemented a system of internal controls to prepare annual financial statements with disclosures in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and accurate cash receipts and disbursements. The Village has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.
- Bank accounts and investment accounts are not reconciled to the general ledger on a timely basis. Although reconciliations were prepared for checking accounts, several cash, cash equivalent accounts and certificates of deposit required material adjustments. The Village does not maintain accurate records in regard to cash and cash equivalents.

This communication is intended solely for the information and use of the Village Board of the Village of Minden City and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.